

3.18 Communications Regulatory Matters.

3.18.1 Each of the Telecom Entities is fully qualified under the Communications Laws to be an FCC licensee. Schedule 3.18.1 lists all licenses and authorizations issued by the FCC to each of the Telecom Entities (the "FCC Licenses"), together with the name of the licensee or authorization holder, the expiration date of the FCC Licenses and, where applicable, the relevant FCC market designation. Each of the Telecom Entities validly holds the FCC Licenses which represent all the FCC authorizations required in connection with the ownership and operation of the Acquired Companies' telecommunications business as it is presently being conducted. The FCC Licenses are not subject to any restrictions, requirements, or conditions that are not generally imposed by the FCC upon holders of such FCC licenses. No person other than the Telecom Entities has any right, title or interest (legal or beneficial) in or to, or any right or license to use, the FCC Licenses. The FCC Licenses have been granted to the Telecom Entities by Final Order and are in full force and effect.

3.18.2 Each of the Acquired Companies is fully qualified under the State Communications Laws to hold the RCA Authorizations. Schedule 3.18.2 lists all licenses and authorizations issued by the RCA to each of the Acquired Companies (the "RCA Authorizations") and, together with the FCC Licenses, the "Telecom Licenses"), together with the name of the licensee or authorization holder; where applicable, the expiration date of the RCA Authorization, and, where applicable, the relevant service area designation. Each of the Acquired Companies validly holds the RCA Authorizations which represent all the RCA authorizations required in connection with the ownership and operation of the Acquired Companies' telecommunications business as it is presently being conducted. The RCA Authorizations are not subject to any restrictions, requirements, or conditions that are not generally imposed by the RCA upon holders of such RCA authorizations. No person other than the Acquired Companies has any right, title or interest (legal or beneficial) in or to, or any right or license to use, the RCA Authorizations. The RCA authorizations have been granted to the Acquired Companies by Final Order and are in full force and effect.

3.18.3 Except as disclosed on Section 3.18.3 of the Disclosure Schedule, each of the Acquired Companies is in material compliance with the Communications Laws, including without limitation those relating to: (i) the Communications Assistance for Law Enforcement Act (CALEA); (ii) E-911 Phase I and Phase II compliance; (iii) number porting, number pooling and related number usage and utilization reports; (iv) Telecommunications Relay Service obligations; (v) universal service obligations; (vi) the payment of regulatory fees; (vii) Text Telephone Devices (TTY); (viii) the submission of quarterly, semi-annual, annual or other periodic reports or filings with the FCC or other Governmental Body or administrative body (e.g. the National Exchange Carrier Association (NECA) and the Universal Service Administrative Company (USAC)); (ix) compliance with the National Environmental Protection Act (NEPA) provisions applicable to telecommunications carriers; (x) compliance with any spectrum clearing or incumbent relocation cost sharing obligations; (xi) compliance with FCC and FAA antenna registration and painting and lighting requirements; and (xii) compliance with the United States Fish and Wildlife Service antenna requirements. Except as disclosed on Section 3.18.2 of the Disclosure Schedule, each of the Acquired Companies is in material compliance with all State Communications Laws, including without limitation those relating to:

(i) compliance with the Alaska Fish and Wildlife Service antenna requirements; and (ii) compliance with the Alaska Department of Natural Resources antenna requirements.

3.18.4 There are no objections, petitions to deny, complaints (formal or informal) competing applications, investigation or letter of inquiry, or other proceedings pending before the FCC or any other Governmental Body having jurisdiction over any of the Acquired Companies or the Telecom Licenses relating to any of the Acquired Companies or the Telecom Licenses. None of the Acquired Companies have received any notice of any claim of default with respect to any of the Telecom Licenses. Except for proceedings affecting the telecommunications industry generally, and except as disclosed on Section 3.18.4 of the Disclosure Schedule, there is not pending or, to the knowledge of the Sellers, threatened against any of the Acquired Companies or the Telecom Licenses any action, petition, objection or other pleading, investigation or letter of inquiry, or any proceeding with the FCC or any other Governmental Body, which contests the validity of, or seeks the revocation, forfeiture, non-renewal modification or suspension of, the Telecom Licenses, or which would adversely affect the ability of the Acquired Companies to consummate the transactions contemplated by this Agreement.

3.18.5 All documents required to be filed in connection with the Telecom Licenses held by the Acquired Companies with the FCC or any other Governmental Body have been timely filed or the time period for such filing has not lapsed, except where such failure to timely file would not reasonably be expected to result in the revocation, cancellation, forfeiture, non-renewal or suspension of any authorization or license or the imposition of any monetary forfeiture. All of such filings were complete and correct in all material respects when filed.

3.18.6 None of the Acquired Companies are in breach or otherwise in violation of any FCC build-out requirements with respect to any of the FCC Licenses. Each FCC licensed station has been built out at least to the minimum extent required by the Communications Laws. Any and all FCC notifications or filings associated with the build-out were timely filed and were true complete and correct when filed. There has been no discontinuance of service subsequent to the completion of construction and certification that would cause any of the FCC Licenses to be deemed forfeited or automatically cancelled by the FCC.

3.18.7 The Acquired Companies all are eligible to receive funding from the federal Universal Service Fund ("USF") program as RCA-designated eligible telecommunications carriers ("ETCs") and are vendors to organizations that receive funding from the USF program. UUI and KUC (i) receive funding from the Alaska Universal Service Fund program, (ii) participate in the Alaska Exchange Carriers Association's intrastate access charge pooling program and (iii) the National Exchange Carriers Association's interstate access charge pooling program. UUI has received grants from the Rural Alaska Broadband Internet Access Program and both UUI and Unicom, Inc., have received grants and loans from Rural Utilities Services, an agency of the U.S. Department of Agriculture. KUC has received loans from CoBank, an entity affiliated with the U.S. Farm Credit System. Except as disclosed in Section 3.18.7 of the Disclosure Schedule, the preceding sentence represents a complete and accurate list of all government and government-affiliated funding, rate support, cost pooling, grant and low-cost credit programs in which the Acquired Companies participate (together the

"Support Programs"). Except as set forth on Section 3.18.7 of the Disclosure Schedule, the Acquired Companies are in compliance with all conditions, covenants and other requirements of the Support Programs, are not under investigation for potential non-compliance (and have not been under such investigation since January 1, 2002), and do not face any regulatory, contractual, or other action that would jeopardize their continuing participation in such programs.

3.19 Microwave Network. Section 3.19 of the Disclosure Schedule sets forth a complete and accurate description of the microwave network that UII and Unicom, Inc., are deploying to provide broadband services in the Yukon-Kuskokwim Delta (the "Microwave Network"). This description includes information on each microwave site's (i) stage of completion, (ii) design and documentation, (iii) facilities and (iv) equipment as well as information on equipment and materials procured for microwave sites not yet built. The Microwave Network has been designed in accordance with industry standards for long-haul microwave networks. There are no material defects or deficiencies in the design or construction of the Microwave Network, and all construction was done in accordance with the design documents of record. The Microwave Network was designed to perform at an annual two way network availability level on the core network (ring protected) of 99.999% or better and on any spur microwave hop subtending the core network at an annual availability level of 99.995% or better per hop. The designed availability assumed industry standard maintenance procedures are documented and performed and excluded Force Majeure Events, human error, and network maintenance during planned maintenance windows. All licenses, permits, and other governmental authorizations required for the construction of the Microwave Network were approved and received, and all design and construction work on the Microwave Network was done in compliance with those licenses, permits, and governmental authorizations and with applicable laws, regulations, and industry standards. Section 3.19 of the Disclosure Schedule sets forth the additional network construction that UII and Unicom, Inc. plan to undertake prior to the Closing.

3.20 Capital Expenditures. The Sellers have delivered to GCI copies of the Acquired Companies' 2007 capital expenditure budget (the "Capital Expenditure Budget").

3.21 Accounts Receivable. All accounts receivable of the Acquired Companies that are reflected on the Company Financial Statements or on the accounting records of the Acquired Companies as of the Closing Date (collectively, the "Accounts Receivable") represent or will represent valid obligations arising from sales actually made or services actually performed in the Ordinary Course. Unless paid prior to the Closing Date, the Accounts Receivable are or will be as of the Closing Date current and collectible net of the respective reserves shown on the Company Financial Statements (which reserves are adequate and calculated consistent with past practice). Except as set forth on Section 3.21 of the Disclosure Schedule and subject to such reserves, each of the Accounts Receivable either has been or will be collected in full, without any set-off, within 90 days after the day on which it first becomes due and payable. There is no contest, claim, or right of set-off relating to the amount or validity of such Accounts Receivable. Section 3.21 of the Disclosure Schedule contains an aged summary showing the amount of Accounts Receivable as of the Balance Sheet Date for each local telephone exchange and showing the aging category for each such local telephone exchange.

3.22 Licenses and Authorizations. There is no material license, permit or other governmental authorization issued to or held by any of the Acquired Companies that by its terms or applicable law expires, terminates or is otherwise rendered invalid upon the transfer of the Common Stock or the transactions contemplated by this Agreement.

3.23 Compliance With Laws. Each of the Acquired Companies has conducted its operations in material compliance with applicable laws. The Sellers have no knowledge of, nor has any of such parties received notice of, any violations of law relating to the Acquired Companies, any of their operations or the Business Assets. Neither any of the Acquired Companies nor any officer, employee or agent of any of the Acquired Companies has directly or indirectly given or agreed to give any gift, contribution, payment or similar benefit to any supplier, customer, governmental official or employee or other Person who was, is or may be in a position to help or hinder any of the Acquired Companies or made or agreed to make any contribution, or reimbursed any political gift or contribution made by any other Person, to any candidate for United States federal, state, local or foreign public office, in any case, which would subject any of the Acquired Companies to any Liability or the failure to make which in the future could adversely affect the business or prospects of any of the Acquired Companies.

3.24 Brokers. Except as set forth on Section 3.24 of the Disclosure Schedule, no Person is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement based upon any agreement, arrangement or understanding made by or on behalf of any of the Acquired Companies or of the Sellers.

3.25 Bank Accounts; Powers of Attorney. Section 3.25 of the Disclosure Schedule sets forth a list of all bank and brokerage accounts or any other account maintained at any financial institution maintained by the Acquired Companies, together with a list of all authorized signatories for such accounts, and all safe deposit boxes maintained by the Acquired Companies, and all persons authorized to gain access thereto. Section 3.25 of the Disclosure Schedule also sets forth a list of all powers of attorney granted by any of the Acquired Companies.

3.26 Representations Not Misleading. To the knowledge of the Sellers, no representation or warranty by the Sellers in this Agreement, nor any summary, exhibit or schedule furnished to GCI by the Sellers or any of the Acquired Companies under and pursuant to, or in anticipation of this Agreement, contains or will contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained herein or therein, in light of the circumstances in which they were made, not misleading.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF GCI

Except for representations and warranties that, by their terms, are made only as of a specified date, all representations and warranties of the parties shall be deemed to be made at and as of the date hereof and at and as of the Closing Date. For purposes of applying the representations and warranties as of the Closing Date, all references to the date of this Agreement (or words of similar import) shall be deemed to refer to the Closing Date. GCI hereby represents and warrants to the Sellers that:

4.1 Organization and Authority. GCI is an Alaska corporation duly incorporated, validly existing, and in good standing under the laws of the State of Alaska. GCI has all requisite corporate power and authority to enter into this Agreement and the Transaction Agreements to which it is a party and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and any Transaction Agreements to which it is a party and the consummation of the transactions contemplated hereby and thereby have been duly authorized by all necessary corporate action on the part of GCI and no further action is required on the part of GCI to authorize the Agreement and any Transaction Agreements to which GCI is a party and the transactions contemplated hereby and thereby.

4.2 Execution and Validity of Agreements. This Agreement and each of the Transaction Agreements to which GCI is a party has been duly executed and delivered by GCI and assuming the due authorization, execution and delivery by the other parties hereto and thereto, constitute the valid and binding obligations of GCI enforceable against GCI in accordance with their respective terms, subject to applicable bankruptcy, insolvency, moratorium or other similar laws relating to creditors' rights and general principles of equity.

4.3 Brokers. Except as set forth on Section 4.3 of the Disclosure Schedule, no Person is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement based upon any agreement, arrangement or understanding made by or on behalf of GCI.

4.4 Representations Not Misleading. To the knowledge of GCI, no representation or warranty by GCI in this Agreement, nor any summary, exhibit or schedule furnished to the Sellers by GCI under and pursuant to, or in anticipation of this Agreement, contains or will contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained herein or therein, in light of the circumstances in which they were made, not misleading. Nothing in the Disclosure Schedules will be deemed adequate to disclose an exception to a representation or warranty made in this Agreement unless the Disclosure Schedule identifies the exception with particularity and describes the relevant facts in reasonable detail.

ARTICLE 5 PRE-CLOSING COVENANTS

5.1 Exclusivity; Acquisition Proposals.

5.1.1 Unless and until this Agreement has been terminated pursuant to Section 8.1, except as required by law, none of the Sellers nor any of the Acquired Companies shall take or cause, directly or indirectly, any of the following actions with any Person other than GCI and the designees or agents of GCI: (i) solicit, encourage, initiate or participate in any negotiations, inquiries or discussions with respect to any offer or proposal to acquire the business or assets of any of the Acquired Companies, whether by merger, consolidation, other business combination, purchase of assets or stock, tender or exchange offer or otherwise (each of the foregoing an "Acquisition Transaction"); (ii) disclose any information not customarily disclosed to any Person who is or may be requesting such information for purposes of a possible

Acquisition Transaction; (iii) agree to or execute any letter of intent, term sheet or agreement relating to an Acquisition Transaction; or (iv) make or authorize any public statement or solicitation with respect to any Acquisition Transaction or any offer or proposal relating to an Acquisition Transaction other than with respect to the transactions contemplated hereby. In the event that Sellers receive any offer or proposal to acquire the business or assets of the Acquired Companies from a Person other than GCI or the designees or agents of GCI, Sellers shall immediately share such offer with GCI.

5.1.2 In the event that Sellers are required by law to pursue a sale of the Acquired Companies with a Person other than GCI or the designees or agents of GCI and this Agreement has not been terminated pursuant to Section 8.1, Sellers shall pay to GCI all out-of-pocket costs and expenses (including, without limitation, all fees and expenses of counsel, advisors and consultants) incurred by GCI and its affiliates or on their behalf in connection with this Agreement and the letter of intent dated August 23, 2007. Sellers shall make such payment within 30 days of receiving an invoice from GCI. Such payment shall not limit any other rights available to GCI under law or in equity. Notwithstanding anything to the contrary in this Agreement, in no event shall such payment exceed \$200,000.

5.2 Notices and Consents.

5.2.1 GCI shall prepare and file as promptly as reasonably practicable all documentation to effect all necessary notices, reports and other filings and to obtain as promptly as reasonably practicable all consents, registrations, approvals, permits and authorizations necessary or advisable to be obtained from any third party and/or any Governmental Body in order to consummate the transactions contemplated by this Agreement, including (i) all applications required to be filed with the FCC and the RCA, and (ii) filings under any other comparable pre-acquisition notification or control laws of any applicable jurisdiction, as agreed by the Parties hereto (collectively, the "Regulatory Consents"). The Parties agree that any reasonable fees, costs and expenses associated with the preparation and filing of applications required to be filed with the FCC in connection with obtaining Regulatory Consents from the FCC will be paid 50% by GCI and 50% by the Sellers. The Parties agree that GCI will pay any reasonable fees, costs and expenses associated with the preparation and filing of applications required to be filed with the RCA in connection with obtaining Regulatory Consents from the RCA.

5.2.2 Each of the Sellers and GCI shall cooperate with each other and use, and shall cause their respective Affiliates to use, their respective commercially reasonable efforts to prepare and file the Regulatory Consents. GCI and the Sellers shall, upon request by the other, furnish the other with all information concerning itself, its Subsidiaries, directors, officers, members and such other matters as may be reasonably necessary or advisable in connection with any statement, filing, notice or application made by or on behalf of any such parties to any Governmental Body in connection with the transactions contemplated by this Agreement.

5.2.3 None of GCI, the Sellers, nor any of their respective Affiliates shall agree to participate in any substantive meeting or discussion with any such Governmental Body in respect of any filing, investigation or inquiry concerning the Regulatory Consents, this

Agreement or the transactions contemplated by this Agreement unless it consults with the other Parties reasonably in advance and, to the extent permitted by such Governmental Body, gives the other Parties the opportunity to attend and participate. Subject to applicable law and the instructions of any Governmental Body, each of such Parties shall keep the others apprised of the *status of matters relating to completion of the transactions contemplated hereby, including promptly furnishing the other with copies of notices or other communications received by such Person from any Governmental Body with respect to such transactions.*

5.3 Preparation for Closing. Each of the Parties will use commercially reasonable efforts to take all actions necessary, proper or advisable in order to consummate and make effective the transactions contemplated by this Agreement (including the satisfaction, but not the waiver, of the conditions precedent set forth in Article 6) and the other Transaction Agreements.

5.4 Notification of Certain Matters. Between the date of this Agreement and the Closing Date, each of the Parties to this Agreement shall give prompt notice in writing to the other Parties of: (i) any information that indicates that any Party's representations or warranties contained herein was not true and correct in all material respects as of the date hereof or, to its knowledge, will not be true and correct in all material respects at and as of the Closing Date, (ii) the occurrence of any event that will result, or has a reasonable prospect of resulting, in the failure of any condition specified in Article 6 to be satisfied, (iii) any notice or other communication from any Person indicating that such Person will not or may not grant any consent or approval required in connection with the transactions contemplated by this Agreement or that such transactions otherwise may violate the rights of or confer remedies upon such Person and (iv) any other material development that occurs after the date of this Agreement and affects the representations, warranties, covenants or Disclosure Schedule contained herein. No notice given under this Section 5.4 will be deemed to amend or supplement any Disclosure Schedule or to prevent or cure any misrepresentation, breach of warranty or breach of covenant of any Party.

5.5 Other Limitations on Conduct of Business Prior to the Closing Date. Prior to the Closing Date, unless the prior written consent of GCI shall have been obtained (which consent shall not be unreasonably delayed or withheld) and except as otherwise contemplated herein, the Sellers shall operate the business of each of the Acquired Companies only in the usual, regular and Ordinary Course. Without limiting the foregoing, unless the prior written consent of GCI shall have been obtained (which consent shall not be unreasonably delayed or withheld) and except as otherwise contemplated herein, prior to the Closing Date each of the Sellers shall cause the Acquired Companies to:

5.5.1 (A) conduct its business in the Ordinary Course, (B) pay or perform its material obligations when due, subject to good faith disputes with respect thereto, and (C) use commercially reasonable efforts to preserve intact its present business organization;

5.5.2 not amend or restate its Organizational Documents or merge, consolidate, liquidate or dissolve;

5.5.3 not authorize for issuance, issue, sell, deliver or agree or commit to issue, sell or deliver (A) any capital stock of, or other equity or voting interest in, any of the

Acquired Companies, (B) any securities convertible into, exchangeable for, or evidencing the right or option to subscribe for or acquire either (1) any capital stock of, or other equity or voting interest in, any of the Acquired Companies, or (2) any securities convertible into, exchangeable for, or evidencing the right to subscribe for or acquire, any capital stock of, or other equity or voting interest in, any of the Acquired Companies, (C) any stock appreciation, phantom stock, profit participation or similar rights;

5.5.4 not split, combine, redeem, reclassify, purchase or otherwise acquire directly, or indirectly, any capital stock of, or other equity or voting interest in, any of the Acquired Companies;

5.5.5 not declare, pay or set aside for payment any dividend or make any other distribution on its securities or make any other payment or distribution to any of the shareholders of the Acquired Companies;

5.5.6 not sell, transfer, lease, license or otherwise dispose of any assets or properties other than in the Ordinary Course, provided that the fair market value of such assets or properties shall not exceed twenty thousand dollars (\$20,000) per item or one hundred thousand dollars (\$100,000) in the aggregate;

5.5.7 not make any material change in any method of accounting or accounting practice, other than changes required by GAAP;

5.5.8 not make any Tax election or accounting method change that is reasonably likely to adversely affect in any material respect the tax liability or tax attributes of the Acquired Companies or settle or compromise any material income tax liability or consent to any extension or waiver of any limitation period with respect to Taxes;

5.5.9 not increase the compensation payable (including wages, salaries, bonuses or any other remuneration) or to become payable to any officer or employee being paid an annual base salary of \$100,000 or more, or any director of any of the Acquired Companies, or enter into any Employee Agreement with any Person, except for (A) such increases that are required in accordance with the terms of any Contracts binding on any of the Acquired Companies or any Employee Plans set forth in the Disclosure Schedule, or (B) salary increases in the Ordinary Course;

5.5.10 not make any profit sharing, pension, retirement or insurance payment, distribution or arrangement to or with any officer, employee or agent being paid an annual base salary of \$100,000 or more, or any director of any of the Acquired Companies, except for payments that are accrued on the company financial statements used in determining the Closing Date Statement, and (A) are required by the terms of any Contracts binding on an Acquired Company, or (B) are required by the terms of any Employee Plans set forth in the Disclosure Schedule;

5.5.11 not establish, adopt, enter into, amend or terminate any Employee Plans or any collective bargaining, thrift, compensation or other plan, agreement, trust, fund, policy or arrangement for the benefit of any directors, officers or employees except as required by applicable law;

5.5.12 not acquire any Person or business, by merger or consolidation, purchase of assets or equity interests, or by any other manner, in a single transaction or a series of related transactions;

5.5.13 not grant any exclusive rights with respect to any Intellectual Property Rights;

5.5.14 not enter into or renew any Contracts containing, or otherwise subjecting any of the Acquired Companies or GCI to, any non-competition, exclusivity or other material restrictions on any of the Acquired Companies or GCI, or any of their respective businesses, following the Closing;

5.5.15 not make any loans, advances or capital contributions to, or investments in, any other Person, other than loans or advances made in the Ordinary Course;

5.5.16 not incur any indebtedness for borrowed money or guarantee any such indebtedness of another Person, issue or sell any debt securities or options, warrants, calls or other rights to acquire any debt securities of any of the Acquired Companies, guarantee any debt securities of another Person, enter into any "keep well" or other agreement to maintain any financial statement condition of any other Person or enter into any arrangement having the economic effect of any of the foregoing, other than in connection with the financing of ordinary course trade payables or the incurrence of indebtedness of up to \$13,500,000 (as an RUS loan), the proceeds of which are expended for the capital expenditures set forth on Section 3.5.6 of the Disclosure Schedule;

5.5.17 not (A) enter into or terminate any Real Property Leases other than those listed on Schedule II; (B) create any Subsidiary; (C) release or create any Liens or other security interests on assets of any of the Acquired Companies, other than purchase money Liens granted in connection with additional network construction of the Microwave Network; or (D) agree to any settlement of any action, suit, claim, investigation or other proceeding other than in the Ordinary Course, provided that such settlement involves no material obligation of the Acquired Companies other than the payment of money not to exceed five thousand dollars (\$5,000) per claim or fifty thousand dollars (\$50,000) in the aggregate;

5.5.18 not: (A) make any capital expenditure or capital expenditure commitment, other than as set forth on Section 3.5 of the Disclosure Schedule; or (B) enter into any lease of capital equipment as lessee or lessor;

5.5.19 not sell any asset of any of the Acquired Companies or make any commitment relating to any such assets other than in the Ordinary Course, transfer any asset of the Acquired Companies to a shareholder, incur material damage, destruction or loss to any assets of the Acquired Companies or have any assets of the Acquired Companies subjected to a Lien;

5.5.20 not enter into or terminate any Contracts, other than in the Ordinary Course, or do or fail to do anything that would cause a material breach of, or material default under, any Contracts;

5.5.21 not increase or experience any adverse change in any accounting assumption underlying any method of calculating bad debts, contingencies or other reserves from that reflected in the Company Financial Statements;

5.5.22 not cancel, write down, write off or waive any claim or right of substantial value;

5.5.23 not pay any severance or termination pay to any officer, director or manager of the Company, except for payments required by the terms of any Contract binding on an Acquired Company set forth in the Disclosure Schedule;

5.5.24 not enter into, add to or modify any Employee Plans;

5.5.25 not change in any respect any of the material business policies or practices of the Acquired Companies, enter into any material transaction other than in the Ordinary Course or fail to operate the business of Company in the Ordinary Course;

5.5.26 not file any rate case request with any third party or Governmental Body; or

5.5.27 not enter into any Contracts or binding letter of intent with respect to, or otherwise commit or agree, whether or not in writing, to do any of the actions described in Sections 5.5.1 through 5.5.27, inclusive.

5.6 Capital Expenditure Requirements. In addition to the foregoing, the Sellers shall cause the Acquired Companies to make capital expenditures in the Ordinary Course and in a manner that will allow the Acquired Companies to complete the construction described in Section 3.19 of the Disclosure Schedule and in a manner consistent with the Capital Expenditure Budget.

5.7 Access to Information. The Sellers and each of the Acquired Companies shall afford GCI and their accountants, counsel and other representatives reasonable access during normal business hours prior to the Closing Date to (i) all of the Sellers' and each of the Acquired Companies' financial statements, properties, books, contracts, commitments and records and (ii) all other information concerning the Acquired Companies' business and assets as GCI may reasonably request. No information or knowledge obtained after the date hereof in any investigation pursuant to this Section 5.7 shall affect or be deemed to modify any representation or warranty contained herein or the conditions to the obligations of the Parties to consummate the transactions contemplated hereby.

5.8 Company Audited Financial Statements. The Sellers shall deliver to GCI as soon as practicable after December 31, 2007, but in no event later than April 16, 2008 if the Closing has not occurred by such date, audited consolidated and consolidating financial statements of the Acquired Companies, including an unqualified audit report and balance sheet as of December 31, 2007 and the statement of operations, changes in shareholders' equity, and cash flows for the year then ended (collectively, the "Company Audited Financial Statements") if such Company Audited Financial Statements were not required to be provided pursuant to Section 6.2.12. The Company shall take all steps to have the Acquired Companies' December

31, 2007 financial statements audited as soon as practicable. If the Closing occurs prior to such time as the Acquired Companies' audited December 31, 2007 financial statements are needed under Section 6.2.12 and such audit is not completed, the Sellers and GCI shall cooperate to complete such audit and allocates costs based on chargeable hours completed as of the Closing. The Sellers shall cooperate with GCI and shall use their commercially reasonable efforts to cause the Acquired Companies' independent accounting firm to deliver all necessary consents for inclusion of such firm's audit report on the Company Audited Financial Statements and the financial statements required by Section 6.2.12 to be included, to the extent required, in GCI's SEC filings (including registration statements) from time to time. The Sellers shall also provide unaudited interim consolidated and consolidating financial statements for periods prior to the Closing for the Acquired Companies necessary to allow GCI to timely complete and file required reports and filings necessary to comply with SEC reporting obligations or necessary for the filing of registration statements that are required by Rule 3-05 of Regulation S-X (including the corresponding period for the prior year) if such interim financial statements were not required to be provided pursuant to Section 6.2.12.

5.9 Transfer of Manley Utility Company Assets. Prior to the Closing Date, the Company shall cause UII to assign, transfer and convey all real property and buildings owned by UII that are used in connection with the operations of MUC (the "MUC Real Property"), to the Company or MUC, and not to an Acquired Company. Such transfer shall be evidenced by an assignment in form and substance satisfactory to GCI.

5.10 Assignment of Cellular Switch. Prior to the closing Date, the Company shall assign, transfer and convey the UT Starcom CDMA 2000 Cellular Switch and related equipment to Unicom, Inc. In connection with such transfer, the Company shall assign each Contract, including but not limited to any lease, easement, or other rights, used in connection with such cellular switch. Such transfers shall be evidenced by an assignment in form and substance satisfactory to GCI.

5.11 Employee Benefit Plans. Prior to the Closing Date, the Company shall transfer to UII, and the Company shall cause UII to assume the sponsorship of, all Employee Benefit Plans sponsored by the Company that are applicable to employees of the Acquired Companies. In connection with the transfer, the Company shall notify each insurance carrier and each plan vendor (including third party administrators and trustees) that UII has assumed the sponsorship of the Employee Benefit Plans. The Company shall report the change in sponsorship on all applicable Form 5500s filed subsequent to the transfer and shall amend all plan documents to reflect the new sponsor.

5.12 Relocation of Business Assets. The Company shall relocate all tangible Business Assets located on or within the MUC Real Property, including without limitation the Redcom Cellular Switch, to other real property or buildings owned or leased by the Acquired Companies. In connection with such relocation, the Company shall cause the Acquired Companies to obtain all easements necessary to enable the Acquired Companies to conduct their business following the relocation in substantially the same manner as conducted prior to such relocation. If all tangible Business Assets to be relocated pursuant to this Section have not been moved on or before the Closing Date, then the Company or MUC, as the case may be, shall enter into a collocation agreement for the subject equipment with the applicable Acquired Companies

for space and power at no cost, for a term beginning on the Closing Date and ending on the earlier of (i) three (3) years or (ii) the date on which the tangible Business Assets have been relocated in accordance with this Section.

5.13 Microwave Network Monitoring Program. Promptly, but in any event within thirty (30) Days after the date of this Agreement, the Company shall commence a continuous monitoring program measuring the availability performance of the Microwave Network. The monitoring program shall track the availability of two T1 circuits, one provisioned between Bethel and Scammon Bay and the other provisioned between Bethel and Mekoryuk. The Company shall provide GCI monthly status reports regarding the Microwave Network and all information provided by such monitoring program. Such monthly report shall include root cause analyses of any outages on each of the two T1 circuits. In addition, the Company shall make available for inspection by GCI prior to Closing all documents relating to the design and documentation of the Microwave Network. If either microwave ring availability performance or spur microwave hop availability performance during the Measurement Period falls below the level specified in Section 6.2.15, then GCI and the Sellers shall meet prior to the Closing to determine what mitigation measures are reasonably available to remedy the performance shortfall.

5.14 No Transfers of Common Stock The Company may not sell, assign, hypothecate or otherwise transfer any Common Stock or any interest therein (other than as necessary to effect the transactions contemplated by this Agreement) without the prior written consent of GCI, which GCI may withhold at its sole discretion.

5.15 Cooperation. Each of the Parties, upon the reasonable request from time to time of any other Party, shall take and cooperate with the other Parties in taking such actions as may be reasonably necessary or desirable to consummate the transactions contemplated hereby and to comply with the terms of this Agreement.

5.16 Confidentiality. Unless otherwise agreed to in writing by the party disclosing (or whose Representatives disclosed) the same (a "Disclosing Party"), each receiving party (a "Receiving Party") will, and will cause its Affiliates, directors, officers, employees, attorneys, accountants, consultants, and other agents and advisors (such Affiliates and other Persons with respect to any Party being collectively referred to as such Party's "Representatives") to, (i) keep all Proprietary Information of the Disclosing Party confidential and not disclose or reveal any such Proprietary Information to any Person other than those Representatives of the Receiving Party who are participating in effecting the transactions contemplated hereby or who otherwise need to know such Proprietary Information, (ii) use such Proprietary Information only in connection with consummating the transactions contemplated hereby and enforcing the Receiving Party's rights hereunder, and (iii) not use Proprietary Information in any manner detrimental to the Disclosing Party. In the event that a Receiving Party is requested pursuant to, or required by, applicable law or regulation or by any legal process to disclose any Proprietary Information of the Disclosing Party, the Receiving Party will provide the Disclosing Party with prompt notice of such request(s) to enable the Disclosing Party to seek an appropriate protective order. A Party's obligations hereunder with respect to Proprietary Information that (A) is disclosed to a third party with the Disclosing Party's written approval, (B) is required to be produced under order of a court of competent jurisdiction or other

similar requirements of a governmental agency, or (C) is required to be disclosed by applicable law or regulation will, subject in the cause of clauses (B) and (C) above to the Receiving Party's compliance with the preceding sentence, cease to the extent of the disclosure so consented to or required, except to the extent otherwise provided by the terms of such consent or covered by a protective order. In no event will a Receiving Party be liable for any indirect, punitive, special or consequential damages unless such disclosure resulted from its willful misconduct or gross negligence in which event it will be liable in damages for the Disclosing Party's lost profits resulting directly and solely from such disclosure. In the event this Agreement is terminated, each Party will, if so requested by the Disclosing Party, promptly return or destroy all of the Proprietary Information of such Disclosing Party, including all copies, reproductions, summaries, analyses or extracts thereof or based thereon in the possession of the Receiving Party or its Representatives; provided, however, that the Receiving Party will not be required to return or cause to be returned summaries, analyses or extracts prepared by it or its Representatives, but will destroy (or cause to be destroyed) the same upon request of the Disclosing Party. Notwithstanding the foregoing, GCI shall not disclose any Proprietary Information to any of its Representatives that currently or in the future may serve on the team that negotiates Interconnection for GCI, including the current members of the negotiating team: Rick Hitz, Emily Thatcher, Sue Keeling, and Nancy Conklin. Sellers shall not disclose any Proprietary Information pertaining to GCI or its Affiliates to any attorney, paralegal/professional, other employee or Affiliate of Dorsey & Whitney LLP. Nothing in this paragraph shall be construed to prohibit or otherwise limit the Sellers from engaging the services of Dorsey & Whitney LLP on a matter other than the Acquisition.

5.17 Announcements. Prior to the Closing, except as may be required by law or applicable stock exchange rules, no Party to this Agreement shall issue any press release or make any public announcement relating to the subject matter of this Agreement without the prior written approval of GCI and the Sellers, which approval will not be unreasonably withheld or delayed. If any of GCI or the Sellers believes that it is required by law or applicable stock exchange rules to make such a public announcement, it shall promptly advise the other and use reasonable efforts, consistent with its legal obligations, to allow the other an opportunity to review and comment upon the announcement before the announcement is made.

5.18 Non-Disparagement. Neither Party will disparage or in any way portray in a negative light the other Party or its Affiliates or any of such Person's products, services or businesses, either directly or indirectly, in the form of oral statements, written statements, electronic communications or otherwise. Neither Party will take any action to intentionally and improperly interfere with the existing contractual or economic relationships of the other Party or its Affiliates by encouraging or inducing any Person not to perform their existing contracts with or otherwise conduct business with the other Party or its Affiliates, provided, however, that nothing herein shall be deemed to prohibit or change normal and customary sales and marketing activities.

5.19 Assumption of Employment Agreements. Prior to the Closing Date, the Company shall assign to UUI, and the Company shall cause UUI to assume, all employment agreements between the Company and any employee performing work for the Acquired Companies.

ARTICLE 6
CONDITIONS PRECEDENT

6.1 Conditions to Each Party's Obligations. The obligations of each of the Parties to consummate the transactions contemplated by this Agreement shall be subject to the satisfaction or waiver of the following conditions on or prior to the Closing Date:

6.1.1 All Regulatory Consents shall have been made, obtained, granted or effected without the imposition of any adverse condition on GCI or the Acquired Companies and all such Regulatory Consents shall be in full force and effect as of the Closing Date.

6.1.2 No temporary restraining order, preliminary or permanent injunction or other order by court or governmental body prohibiting, preventing or restraining the consummation of the transactions contemplated by this Agreement or the other Transaction Agreements shall have been issued and shall not have expired or been withdrawn or reversed and there shall be no pending or threatened litigation or other proceeding seeking to prohibit, prevent or restrain the consummation of such transactions.

6.2 Conditions to the Obligations of GCI. The obligations of GCI to consummate the transactions contemplated by this Agreement shall be subject to the satisfaction or waiver of the following conditions on or prior to the Closing Date:

6.2.1 The representations and warranties of the Sellers shall be true and correct in all material respects as of the Closing Date with the same force and effect as if made on and as of the Closing Date (other than any such representations and warranties that are made as of a specified date, which shall have been true and correct as of such specified date).

6.2.2 The Sellers shall have performed in all material respects, or complied in all material respects with, all covenants and agreements contained in this Agreement to be performed or complied with by the Sellers prior to the Closing Date.

6.2.3 There shall not have occurred a Material Adverse Effect with respect to the Sellers or the Acquired Companies.

6.2.4 The Company shall have tendered delivery of all items required to be delivered by it pursuant to Section 1.5.

6.2.5 GCI shall have received from the Company a signed counterpart to the Escrow Agreement.

6.2.6 GCI shall receive an opinion of counsel of Kemppel, Huffman & Ellis, P.C., counsel for the Company, dated the Closing Date and addressed to GCI, in the form of Exhibit D.

6.2.7 GCI shall receive an opinion of counsel of Kemppel, Huffman & Ellis, P.C., counsel for the Company, dated the Closing Date and addressed to GCI, in the form of Exhibit E.

6.2.8 GCI shall have received resignations of all current members of the board of directors of the Acquired Companies effective as of the Closing.

6.2.9 GCI shall have received from the Company executed copies of all *Tax forms and documents required for the Section 338(h)(10) Election contemplated by Section 9.2* to the extent that GCI has requested delivery of such forms and documents prior to the Closing.

6.2.10 The Sellers and the Acquired Companies shall have received all consents, including those identified in the Disclosure Schedule, as are required to enable GCI to continue to enjoy the benefit of any governmental authorization, lease, license, permit, contract or other agreement or instrument to or of which any of the Acquired Companies is a party or a beneficiary.

6.2.11 GCI shall have received all consents, governmental authorizations, permits, licenses, certifications and designations required for it to acquire, own and operate the businesses conducted by the Acquired Companies following the Closing in the same manner as such businesses were conducted prior to the Closing.

6.2.12 GCI shall have received audited (including an audit report with no qualifications) and unaudited consolidated financial statements of the Acquired Companies necessary for GCI to comply with any applicable requirements for filings under the Securities Act of 1933 or the Securities Exchange Act of 1934, each as amended, and the rules and regulations of the SEC promulgated thereunder, which shall be certified by the Chief Financial Officer of the Company as fairly presenting in all material respects the matters presented therein and otherwise as materially consistent with the Company Financial Statements previously provided to GCI.

6.2.13 As of the Closing Date, the Acquired Companies' consolidated Working Capital shall be greater than or equal to \$0 and the Acquired Companies shall have cash and marketable securities in an aggregate amount of at least \$4,000,000.

6.2.14 GCI shall have received all reports from the Company disclosing the results of the Microwave Network monitoring program established pursuant to Section 5.13 and a summary report specifying the duration and root cause of any outages for the Bethel-Scammon Bay T1 circuit and Bethel-Mekoryuk T1 circuit from the date the continuous monitoring program commenced through the date that is five (5) Business Days before the Closing Date (the "Measurement Period") and a calculation and analysis of microwave ring and spur microwave hop availability performance based on the monitoring results on the two T1 circuits. For the purposes of calculating availability under this Section, outages resulting from excluded Force Majeure Events, human error, and network maintenance during planned maintenance windows shall be excluded. The demarcation point for measuring availability is the transmission level point ("TLP") of the building housing the Harris microwave equipment.

6.2.15 As of the Closing Date, the Microwave Network shall have demonstrated a two-way network availability level during the Measurement Period of 99.995% or better between the Bethel microwave repeater and any repeater station on the microwave ring,

and two-way availability for any spur microwave hop subtending the microwave ring during the Measurement Period shall have been 99.99% or better per hop.

6.2.16 GCI shall have received a certificate from the Company with respect to the matters set forth in Sections 6.2.1, 6.2.2, 6.2.3, 6.2.10, 6.2.13, 6.2.14 and 6.2.15 signed for and on behalf of the Company by duly authorized officers thereof.

6.3 **Conditions to the Obligations of the Sellers.** The obligations of the Sellers to consummate the transactions contemplated by this Agreement shall be subject to the satisfaction or waiver of the following conditions on or prior to the Closing Date:

6.3.1 All representations and warranties of GCI shall be true and correct in all material respects as of the Closing Date with the same force and effect as if made on and as of the Closing Date (other than any such representations and warranties that are made as of a specified date, which shall have been true and correct as of such specified date);

6.3.2 GCI shall have performed in all material respects, or complied in all material respects with, all covenants and agreements contained in this Agreement to be performed or complied with by GCI prior to the Closing Date;

6.3.3 The Company shall have received from GCI a signed counterpart to the Escrow Agreement;

6.3.4 GCI shall have delivered all items required to be delivered by it pursuant to Section 1.5; and

6.3.5 The Sellers shall have received a certificate from GCI with respect to the matters set forth in Sections 6.3.1 and 6.3.2 signed for and on behalf of GCI by a duly authorized officer thereof.

ARTICLE 7 INDEMNIFICATION

7.1 **By GCI.** Subject to the limitations set forth in this Article 7, from and after the Closing Date, GCI agrees to indemnify and hold harmless (in such capacity, the "GCI Indemnifying Party"), to the fullest extent permitted by law, the Sellers and any of their Affiliates, respectively (in such capacity, the "Seller Indemnitee") from, against and in respect of any Losses arising from or otherwise related to, directly or indirectly, any of the following:

7.1.1 Any breach of any representation or warranty made by or on behalf of GCI in this Agreement (as each such representation or warranty would be read if all qualifications as to materiality, knowledge or words of similar import were deleted therefrom); or

7.1.2 Any breach or default in performance by GCI of any covenant or other agreement of such party contained in this Agreement.

7.2 By the Sellers. Subject to the limitations set forth in this Article 7, from and after the Closing, (A) the Company; and (B) Sea Lion and Togiak, severally and not jointly based on their percentage ownership of the Company; agree to indemnify and hold harmless (in that capacity, the "Seller Indemnifying Party"), to the fullest extent permitted by law, GCI and each of its officers, directors, employees and Affiliates (each, in that capacity, the "GCI Indemnitee") from, against and in respect of any Losses arising from or otherwise related to, directly or indirectly, any of the following:

7.2.1 Any breach of any representation or warranty made by or on behalf of the Sellers in this Agreement (as each such representation or warranty would be read if all qualifications as to materiality, knowledge or words of similar import were deleted therefrom);

7.2.2 Any breach or default in performance by the Sellers of any covenant or other agreement of such parties contained in this Agreement;

7.2.3 Any claim, Lien, notice of non-compliance or violation, notice of liability, proceeding, consent order or consent agreement against any of the Acquired Companies or any Person made under or in accordance with any Environmental Laws or any Liability or obligation for injury or damages due to, or as a result of, the presence of, effects of, or exposure to any Hazardous Materials; or

7.2.4 Any other event, act, omission, condition, fact or circumstance occurring, existing or first arising prior to the Closing Date and relating to the Acquired Companies or the Sellers, whether or not such event, act, omission, condition, fact or circumstance is described in this Agreement or otherwise known to GCI or was known to any of the Sellers or the Acquired Companies, except such as (A) constitute or give rise to a breach of representations, warranties or covenants of GCI under this Agreement, and (B) constitute Liabilities specifically identified on the Closing Financial Statements.

7.3 Survival; Time Limits for Indemnification. The representations and warranties made in this Agreement, or in any certificate or other document delivered pursuant to this Agreement, will survive the Closing Date (even if the damaged party knew or had reason to know of any misrepresentation or breach of warranty at the time of Closing) for a period of three years from the Closing Date, except that (a) the representations and warranties contained in Sections 3.8 (Tax Matters), 3.9 (Employee Benefit Plans) and 3.14 (Environmental Matters) shall survive the Closing Date until the expiration of the applicable statutes of limitation and (b) the representations and warranties contained in Sections 3.1 (Organization and Good Standing), 3.2 (Capitalization; Other Equity), 3.3 (Authority), 3.4 (No Conflict), 3.15.4 (Ownership of Property) and 3.25 (Representations Not Misleading) will survive the Closing Date indefinitely. The covenants of the Parties contained in this Agreement will survive the Closing Date indefinitely. The Sellers, on the one hand, and GCI, on the other hand, shall promptly give written notice to the other of any facts or circumstances of which any such Person becomes aware or has knowledge that is reasonably likely to give rise to a claim for indemnification under this Article 7. No Party will have any obligation to indemnify any Person pursuant to this Agreement with respect to any breach of a representation or warranty unless a notice of such breach is given to the Party against whom indemnification is sought on or prior to the last day of the applicable survival period, except that if a Party has a reasonable basis to believe that an

indemnifiable claim will arise and gives notice to the other Party concerning such matter within the survival period, then all rights of such Party to seek indemnification with respect to such matter will survive the expiration of such period for a period of 180 days. If an indemnifiable claim has not arisen prior to the expiration of that 180-day period but the Party continues to have a reasonable basis to believe that an indemnifiable claim will arise and gives notice to such effect to the other Party prior to the end of such 180-day period, then all rights of the Party to seek indemnification with respect to such matter will survive for one additional period of 180 days. If an indemnifiable claim does not arise prior to the end of the second 180-day period, the rights of the Party to seek indemnification will terminate at the expiration thereof. If a Party is obligated to indemnify another Party against a particular breach, the indemnity obligation shall extend to all Losses, whether occurring before or after the survival period.

7.4 Basket and Cap.

7.4.1 The Seller Indemnifying Party will have no obligation to indemnify any GCI Indemnitee from and against any Losses under 7.2.1 until the GCI Indemnitees have suffered Losses in the aggregate amount of \$500,000 or more arising from, or otherwise related to, directly or indirectly, any of the items set forth in Section 7.2.1. If and when the aggregate of such Losses exceeds \$500,000, the GCI Indemnitees shall be entitled to indemnification against all Losses incurred under Section 7.2.1, including the initial \$500,000 of Losses.

7.4.2 The aggregate indemnification obligations of the Sellers under Sections 7.2.1 and 7.2.4 shall not exceed 25% of the amount of the Cash Consideration. The limits on liability contained in this Section 7.4 shall not apply to the indemnification obligations of the Sellers under Sections 7.2.2 and 7.2.3.

7.4.3 Notwithstanding anything to the contrary in this Agreement, there shall be no limitation on any GCI Indemnitee's right to indemnification from and against any Losses arising directly or indirectly out of (a) any breach of any representation, warranty or covenant of the Sellers that involves an intentional misrepresentation or the commission of fraud by the Sellers or (b) any act or omission or other matter arising prior to Closing that involves a claim by a third party for material misrepresentation, fraud, gross negligence or intentional misconduct, and each GCI Indemnitee shall have all remedies available to it at law and in equity with respect to any such breach, act, omission or matter.

7.5 **Defense of Claims.** Subject to Section 9.1.5, the procedures to be followed with respect to the defense and settlement of any claim made by a third party which, if true, would give rise to a right on the part of a Party to be indemnified against resulting Losses (an "Indemnitee"), in whole or in part, under this Article 7 (a "Claim") shall be as follows:

7.5.1 **Right of Indemnifying Party to Defend.** Unless in the reasonable and good faith judgment of the Indemnitee (i) there is a material conflict between the positions of the Party against whom indemnification is sought under this Article 7 (an "Indemnifying Party") and the Indemnitee in conducting the defense of a Claim or (ii) legitimate business considerations would require the Indemnitee to defend or respond to a Claim in a manner that is materially different from the defense or response that would be most beneficial to

the Indemnifying Party, the Indemnifying Party shall, by giving notice to the Indemnitee confirming the Indemnifying Party's obligation under this Article 7 to indemnify the Indemnitee in respect of the Claim, be entitled to assume and control the defense of the claim with counsel chosen by it and reasonably satisfactory to the Indemnitee. The Indemnitee shall be entitled to participate in the defense after such assumption, but the costs of such participation (other than the costs of providing witnesses or documents at the request of the Indemnifying Party or in response to legal process) following such assumption shall be at the expense of the Indemnitee. Upon assuming such defense, the Indemnifying Party shall have full right to enter into any compromise or settlement which is dispositive of the matter involved; provided that, except for the settlement of a Claim that involves no material obligation of the Indemnitee other than the payment of money for which full indemnification is provided by the Indemnifying Party hereunder, the Indemnifying Party shall not settle or compromise any Claim without the prior written consent of the Indemnitee, which consent will not be unreasonably delayed or withheld; and provided, further, that the Indemnifying Party may not consent to entry of any judgment or enter into any settlement in respect of a Claim which does not include the giving by the claimant or plaintiff to the Indemnitee of a complete and unconditional release from all liability in respect of the Claim.

7.5.2 Defense by Indemnitee. If the Indemnifying Party (i) does not have the right to assume the defense of a Claim under Section 7.5.1 or (ii) shall not have exercised its right to assume the defense of the Claim, the Indemnitee may assume and control the defense of the Claim with counsel chosen by it that is reasonably satisfactory to the Indemnifying Party and the Indemnifying Party shall be obligated to pay all reasonable attorneys' fees and expenses of the Indemnitee incurred in connection with such defense; provided, however, that the Indemnifying Party shall not be obligated to pay the fees and disbursements of more than one counsel in each applicable jurisdiction for all Indemnitees in any single action. The Indemnifying Party shall be entitled to participate in the defense of such Claim, but the cost of such participation shall be at its own expense. The Indemnitee shall not be required to defend any Claim under this Section 7.5.2 that the Indemnifying Party had the right to defend under Section 7.5.1 and, if the Indemnitee elects to defend such a Claim, it shall owe no duties to the Indemnifying Party with respect to the defense of such Claim, and may defend, fail to defend or settle such Claim without affecting its right to indemnity hereunder. The Indemnitee may compromise or settle any Claim that it is defending at any time; provided, however, that the Indemnitee shall not settle or compromise any Claim that the Indemnifying Party did not have the right to defend under Section 7.5.1 without the prior written consent of the Indemnifying Party, which consent will not be unreasonably delayed or withheld.

7.5.3 Indemnitee's Right to Settle. Without regard to whether the Indemnifying Party or the Indemnitee is defending a Claim, if in the reasonable judgment of the Indemnitee it would be materially harmed or otherwise materially prejudiced by not entering into a proposed settlement or compromise and the Indemnifying Party withholds consent to such settlement or compromise, the Indemnitee may enter into such settlement or compromise, but such settlement or compromise shall not be conclusive as to the existence or amount of the liability of the Indemnifying Party to the Indemnitee.

7.5.4 Cooperation. Both the Indemnifying Party and the Indemnitee shall cooperate fully with one another in connection with the defense, compromise or settlement

of any Claim, including without limitation making available to the other all pertinent information and witnesses within its control at reasonable intervals during normal business hours.

7.6 Recovery from Escrow Fund. The Escrow Fund shall be available to compensate any GCI Indemnitee for any Losses actually suffered or incurred by the GCI Indemnitees for which the GCI Indemnitees are entitled to indemnification pursuant to this Article 7. All claims for recovery for any Loss or Losses from the Escrow Fund shall be made pursuant to and in accordance with, and governed by the terms of, the Escrow Agreement.

7.7 Set-off. Subject to the limitations contained in this Article 7, GCI may offset any Loss for which it is entitled to be indemnified under this Article 7 against any Revenue Growth Payments that subsequently become due pursuant to Article 2. This provision is not intended to limit GCI's right to indemnification to amounts offset pursuant to this Section 7.7. In the event that GCI intends to effect a set-off under this Section 7.7, it shall provide the Sellers with notice thereof, including a reasonably detailed description of the matter in respect of which the right to indemnification is claimed.

7.8 Limitations. Except in the case of intentional misrepresentation or the commission of fraud, the right to be indemnified pursuant to this Article 7 will constitute the exclusive remedy of the parties after the Closing Date for Losses arising by virtue of a breach of any representation, warranty or covenant under this Agreement, absent fraud.

7.9 Insurance. With respect to any Losses for which an Indemnitee is entitled to indemnification under this Article 7 and which Losses may be covered by insurance, such Indemnitee will be able to make a claim for indemnification (i) to the extent that the Indemnitee has not received proceeds from insurance applicable to such claim, (ii) in an amount equal to the Indemnitee's applicable deductible for such coverage, (iii) to the extent that the Loss otherwise exceeds the applicable insurance coverage, and (iv) to the extent that the Loss is otherwise excluded in whole or in part from any such applicable insurance coverage. If an Indemnifying Party paid an Indemnitee for an indemnification claim under this Agreement and the Indemnitee subsequently receives insurance proceeds in respect of such indemnification claim, the Indemnitee shall remit promptly to the Indemnifying Party who paid such indemnification claim the lesser of the amount so paid by the Indemnifying Party or such insurance proceeds.

7.10 Recovery from Third Parties. With respect to any Losses for which an Indemnitee is entitled to indemnification under this Article 7 and which Losses may be covered by insurance, an Indemnitee shall use its commercially reasonable efforts (and not more) to recover all insurance proceeds reasonably available. An Indemnitee shall also use its commercially reasonable efforts (and not more) to assist an Indemnifying Party in the recovery of any amounts reasonably available from other third parties with respect to such Losses.

ARTICLE 8 TERMINATION

8.1 Right to Terminate. The Parties may terminate this Agreement as provided below:

8.1.1 The Sellers and GCI may terminate this Agreement by mutual written consent at any time prior to the Closing.

8.1.2 GCI may terminate this Agreement by giving written notice to the Sellers at any time prior to the Closing (i) in the event the Sellers have breached any representation, warranty or covenant contained in this Agreement in a way that would result in the nonfulfillment of the conditions to the obligations of GCI hereunder, GCI has notified each of the Sellers of the breach, and the breach has not been cured within ten (10) days after the notice of breach or such longer period as agreed by the Parties, or (ii) if the Closing has not occurred on or before [REDACTED] because of the failure of any condition precedent to the obligations of GCI to consummate the Closing (unless the failure results primarily from GCI breaching any representation, warranty or covenant contained in this Agreement).

8.1.3 The Sellers may terminate this Agreement by giving written notice to GCI at any time prior to the Closing (i) if GCI has breached any representation, warranty or covenant contained in this Agreement in a way that would result in the nonfulfillment of the conditions to the obligations of the Sellers hereunder, the Sellers have notified GCI of the breach, and the breach has not been cured within ten (10) days after the notice of breach or such longer period as agreed by the Parties or (ii) if the Closing has not occurred on or before [REDACTED] because of the failure of any condition precedent to the obligations of the Sellers to consummate the Closing (unless the failure results primarily from the Sellers breaching any representation, warranty or covenant contained in this Agreement).

8.2 **Effect of Termination.** The termination of this Agreement by a Party pursuant to Section 8.1.2 or 8.1.3 will in no way limit any obligation or liability of any other Party based on or arising from a breach or default by such other Party with respect to any of its representations, warranties, covenants or agreements contained in this Agreement prior to the termination, and the terminating Party will be entitled to seek all relief to which it is entitled under applicable law.

ARTICLE 9 POST-CLOSING COVENANTS

9.1 Tax Matters.

9.1.1 The Sellers shall be responsible for the preparation of drafts of all Tax Returns of the Acquired Companies for all tax periods ending on or prior to the Closing Date ("**Final Tax Returns**") and the submission of the Final Tax Returns to GCI for its review and filing at least sixty (60) days before the due dates thereof; in the case of the state income or franchise tax returns for the Acquired Companies, such return shall be prepared by the Acquired Companies' current accounting firm in a manner consistent with past practice. The Sellers shall submit the Final Tax Returns to GCI's corporate tax department in a form suitable for immediate filing together with all schedules, supplemental forms and other attachments required by applicable law for such Tax Returns, including such schedules and forms necessary for the Section 338(h)(10) Election. The Sellers shall consult with GCI regarding any material issue that GCI may have with any matter reported on the Final Tax Returns as presented by the Sellers and shall attempt in good faith to resolve any such issues. In the event any such matter is not

resolved to GCI's satisfaction, the Sellers shall submit such matter to tax counsel or an independent accounting firm reasonably acceptable to GCI and the determination of such counsel or independent accounting firm shall be binding on GCI and the Sellers. The Final Tax Returns (i) shall be signed on behalf of the Acquired Companies by one or more of the officers of the Company as appropriate in their official capacities with the Acquired Companies as of the day immediately preceding the Closing Date and (ii) shall include such schedules and forms necessary for the Section 338(h)(10) Election. Following the procedure outlined above the Company shall file all Final Tax Returns.

9.1.2 The Sellers shall be liable for income Taxes that may be imposed on the Acquired Companies or the Sellers for any taxable period that ends on or before the Closing Date, including transactions deemed to occur as a result of the Section 338(h)(10) Election.

9.1.3 The Sellers shall be liable for Taxes other than income Taxes that may be imposed on the Sellers for any taxable period that ends on or before the Closing Date, including transactions deemed to occur as a result of the Section 338(h)(10) Election.

9.1.4 With respect to any taxable period that begins before the Closing Date but ends after the Closing Date, the Sellers shall pay the Taxes attributable to the portion of such period ending on the Closing Date (inclusive thereof). The amount of such Taxes attributable to such parties for such period shall be determined on a daily pro-rata basis, unless the parties agree otherwise. With respect to any Tax Return required to be filed by the Acquired Companies for any period that includes a period (or portion thereof) ending on or prior to the Closing Date, GCI shall provide the Sellers with copies of such Tax Return at least 30 days prior to the due date for the filing of such Tax Return for the Sellers' review. GCI shall make any changes requested by the Sellers that are consistent with and not in possible violation of any applicable laws.

9.1.5 The Sellers and GCI will provide each other with such cooperation and information as any of them reasonably may request of each other in matters pertinent to the subject matter covered by this Section 9.1.5. GCI will retain all Tax Returns, schedules and work papers and all material records or other documents relating to Tax matters of the Acquired Companies until the expiration of all applicable statute of limitations for further assessment. GCI shall notify the Sellers in writing in the case of an audit or legal proceeding that relates to periods ending on or prior to the Closing Date and the Sellers shall have the right at their own expense to participate in and control the conduct of such audit or proceeding to the extent that such audit or proceeding relates to a potential adjustment for which the Sellers would be liable. With respect to a potential adjustment of Taxes of the Acquired Companies for which both the Sellers and GCI could be liable, or which involves an issue that recurs in any period ending after the Closing Date (whether or not the subject of an audit at such time), (i) both GCI and the Sellers may participate at their own expense in the audit or proceeding and (ii) the audit or proceeding shall be controlled by that Party which would bear the burden of the greater portion of the sum of the adjustment and any corresponding adjustments that may reasonably be anticipated for a future Tax period. Neither GCI nor the Sellers shall enter into any compromise or agree to settle any claim pursuant to any Tax audit or proceeding which would adversely

affect the other Party for such year or a subsequent year without the written consent of the other Party, which consent may not be unreasonably withheld or delayed.

9.1.6 At the request of GCI, at the Closing, the Company shall promptly join with GCI in making an election (the "Section 338(h)(10) Election") under Section 338(h)(10) of the Code and the Treasury Regulations promulgated thereunder and any corresponding rules of any other jurisdiction, with respect to the purchase of the Common Stock hereunder. Incident thereto, the Company agrees to include any income, gain, loss, deduction or other Tax item resulting from the Section 338(h)(10) Election on its Tax Return to the extent required by applicable law. GCI will be responsible for completing and filing the Tax forms in each state, federal and other jurisdiction necessary to make any Section 338(h)(10) Election and any corresponding election. The "aggregate deemed sale price," determined in accordance with Section 338 of the Code and Treasury Regulations promulgated thereunder, shall be allocated among the assets of the Acquired Companies in the manner set forth below. If any of such forms are required to be signed by the Company then the Company agrees to sign and return such signed forms to GCI within ten days of receipt. The Company agrees to attach a copy of such forms to its tax returns as required.

9.1.7 GCI shall prepare an allocation of the purchase price among the assets of the Acquired Companies based upon the following methodology: first, to tangible fixed assets, the fair market value as reasonably determined by GCI; second, to all other assets (other than intangibles and goodwill) GAAP value as reflected on the Closing Financial Statements; and third, the remainder to goodwill and other intangibles. GCI shall submit to the Company the preliminary allocation no later than 90 days after the Closing Date. The Company shall have up to ten days to review such allocation and comment thereon, after which time GCI and the Company shall endeavor to mutually agree on an allocation. In the event that GCI and the Company are unable to agree to an allocation of the purchase price in accordance with this Section 9.1.7, any such dispute shall be resolved by an independent accounting firm reasonably acceptable to both GCI and the Company, the decision of which shall be binding on, and the cost of which shall be shared equally by, GCI and the Company. GCI and the Company shall thereafter jointly complete, and the Acquired Companies and GCI shall separately file, Form 8883's with the respective Tax Returns for the tax year in which the Closing Date occurs in accordance with such allocation, and no Party shall take any position on any Tax Return or before any governmental entity charged with the collection of any Tax or in any legal proceeding that is in any manner inconsistent with the terms of such conclusive allocation without written consent of the other Parties unless required to do so by applicable law.

9.2 Additional Covenants.

9.2.1 For a period of ten (10) years from the date of this Agreement, GCI shall provide funding to the Company's existing scholarship program described on Schedule 9.2.1 at an annual funding level of no less than \$300,000 per calendar year, which amount shall be subdivided into one hundred fifty (150) student scholarships at a value of two thousand dollars (\$2,000) each. No less than 25 such scholarships shall be allocated to residents of Hooper Bay. GCI shall also provide adequate administrative support for such program. All scholarship awards shall be made by a committee composed of the then-current chief executive officer of KUC and UII, three members of the board of directors of Sea Lion, and one member

of the board of directors of Togiak. GCI shall reimburse all reasonable travel expenses of such committee members, provided that GCI has received adequate documentation supporting such expenses.

9.2.2 For a period of ten (10) years from the date of this Agreement, GCI or its Affiliates shall provide T-1 Internet connectivity service to the Hooper Bay E-Commerce Center at no charge.

9.2.3 GCI shall cause the Acquired Companies to provide funds to the Company to satisfy its obligations to pay the incremental obligations owed to the current chief executive officer of the Company at the Closing under the terms of the second amendment to the CEO's employment agreement dated October 5, 2007, a copy of which has been provided to GCI.

9.2.4 To the extent that the Company requests within twelve (12) months after the Closing Date, GCI shall cause the Acquired Companies to allow MUC to attach its transmission lines to the existing poles owned by the Acquired Companies in the village of Manley at no cost for a period equal to the remaining useful life of such existing poles.

9.2.5 GCI shall maintain or cause the Acquired Companies to maintain reasonable D&O insurance coverage for the former directors of the Acquired Companies for a period of at least three years beginning on the Closing Date. This insurance shall be procured at the expense of GCI or the Acquired Companies.

9.2.6 GCI shall maintain or cause the Acquired Companies to maintain a maintenance program for the Microwave Network for a period of at least three (3) years beginning on the Closing Date. Such maintenance program shall be adopted by the Company with GCI's agreement prior to the Closing Date.

9.2.7 In addition, GCI shall direct the Acquired Companies to satisfy their express responsibilities under each Acquired Companies "employee benefit plan", as that term is defined in ERISA Section 3(3), to the extent vested and in effect as of the date of this Agreement, including any vested interest any employee of the Acquired Companies may have in any written nonqualified deferred compensation arrangement.

ARTICLE 10 MISCELLANEOUS

10.1 Arbitration. The Parties will attempt in good faith to resolve any controversy or claim arising out of or relating to this Agreement or any other Transaction Agreement through discussions between the senior management of the Parties. As part of this process, either party may request a mediation. If these attempts are unsuccessful, the Parties agree that any action asserting a claim by one Party against any other Party or Parties hereto (collectively, the "Disputing Parties") arising out of or relating to this Agreement or any other Transaction Agreement shall, on the written notice by one Disputing Party to the others, be submitted to binding arbitration to be held in Anchorage, Alaska. The arbitration shall be conducted by and in accordance with the Commercial Arbitration Rules of the American Arbitration Association. The Disputing Parties shall hold an initial meeting within 30 days from

receipt of notice from the requesting Party of a request for arbitration. Unless otherwise agreed in writing, they will jointly appoint a mutually acceptable arbitrator not affiliated with any of the Disputing Parties. If they are unable to agree upon such appointment within 30 days of the initial meeting, the Disputing Parties shall obtain an odd numbered list of not less than five potential arbitrators from the Superior Court for the Third Judicial District, State of Alaska. Each Disputing Party shall alternatively strike a single name from the list until only one name remains, with such person to be the arbitrator. The Disputing Party requesting the arbitration shall strike the first name. Each Disputing Party shall pay an equal share of the costs related to the arbitration, unless the arbitrator's decision provides otherwise. Each Disputing Party shall bear its own costs to prepare for and participate in the arbitration. Each Disputing Party shall produce at the request of any other Disputing Party, at least 30 days in advance of the hearing, all documents to be submitted at the hearing and such other documents as are relevant to the issues or likely to lead to relevant information. The arbitrator shall promptly render a written decision, in accordance with Alaska law and supported by substantial evidence in the record. The prevailing Party shall be entitled to recover reasonable attorneys' fees, costs, charges and expended or incurred therein, if the arbitrator's decision so provides. Failure to apply Alaska law, or entry of a decision that is not based on substantial evidence in the record, shall be additional grounds for modifying or vacating an arbitration decision. Judgment on any arbitration award shall be entered in any court of competent jurisdiction.

10.2 Remedies. Subject to Section 10.1, all remedies under this Agreement and at law shall be cumulative. In the event of a breach of this Agreement prior to Closing, the Parties shall be entitled to all remedies available under applicable law or in equity, including specific performance and other injunctive relief, and in the event that any Party seeks an equitable remedy, the breaching Party expressly waives, and shall not raise in any action or proceeding, the claim or defense that an adequate remedy at law exists.

10.3 Amendments and Supplements. At any time prior to the Closing Date, this Agreement may be amended or supplemented by a written instrument signed by the Sellers and GCI, and any such amendment shall be binding on all Parties.

10.4 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Alaska without giving effect to any choice or conflict of laws rule or provision that would cause the application of the domestic substantive laws of any other jurisdiction.

10.5 Notices. All notices and other communications required or permitted hereunder shall be in writing and shall be sent by any means selected by the sender. Each such notice or other communication shall be effective (i) if given by recognized overnight courier, one Business Day after being delivered to such courier, addressed to the intended recipient at the address specified below or (ii) if given by any other means, when actually received.